SUPPLEMENT TO THE GOVERNMENT'S
BUDGETARY POLICY
2002-2003

ACTION

$300 Million for the Fight Against Poverty

Finances Québec
Building the future

$300 Million for the Fight Against Poverty
ISBN 2-550-38982-4
Legal deposit
Bibliothèque nationale du Québec, 2002
Publication date: March 2002
© Gouvernement du Québec, 2002

$300 MILLION FOR THE FIGHT AGAINST POVERTY

For the government, it is imperative that all citizens be able to benefit fully from a healthy Québec economy. To that end, we must continue our fight against poverty, which continues to affect a portion of the population.

In recent years, the government has mobilized considerable resources to improve the standard of living of the most disadvantaged members of our society. The measures announced in the two previous budgets alone represent over $1 billion for fiscal 2002-2003 and the two subsequent fiscal years.

The government is currently preparing a new strategy to fight poverty in Québec, and the **Supplement to the 2002-2003 Budget**, presented by the Deputy Prime Minister and Minister of State for the Economy and Finance, announces major initiatives that will be integrated into that strategy.

The new government measures represent **over $300 million for fiscal 2002-2003 and the two subsequent fiscal years**. These are major initiatives that reaffirm the importance the government attaches to improving the lot of the most disadvantaged members of our society.

Through these measures, the **Supplement to the 2002-2003 Budget** brings the government's anti-poverty effort to nearly $1.4 billion for the three fiscal years concerned.

102-04142/

SUMMARY OF MEASURES

The government is implementing four measures:

— **Automatic annual indexation of social assistance benefits.** Beginning January 1, 2003, all social assistance benefits will be indexed annually at the rate of inflation, a major initiative that will benefit the 360 000 households currently receiving social assistance. This measure alone represents a cost of **$156 million** for fiscal 2002-2003 and the two subsequent fiscal years.

— Enhanced **social assistance for housing.** Beginning January 1, 2003, social assistance recipients who seek to improve their lot will see their benefits go up. Previously, recipients were penalized if they shared a dwelling or chose to live in a place that cost less. The new measure will benefit over 82 000 households at a cost of **$115 million** for fiscal 2002-2003 and the two subsequent fiscal years.

— An investment of $50 million over three years through an additional **$40 million** for fiscal years 2002-2003 and 2003-2004 to support **community organizations** under the *Policy on the Recognition and Support of Community Action,* adopted in July 2001.

— A new income support program for **collectively laid-off workers in the resource regions** of Québec. The program represents an investment of **$6 million** for fiscal 2002-2003 and the two subsequent fiscal years.

FINANCIAL IMPACT FOR THE GOVERNMENT OF THE NEW ANTI-POVERTY MEASURES

(in millions of dollars)

	Financial impact for the government			
	2002-2003	2003-2004	2004-2005	Total over 3 years
Automatic annual indexation of social assistance benefits				
- for persons with a severely limited capacity for employment	-3	-20	-45	-68
- for persons who are able to work[1]	-5	-26	-57	-88
Sub-total	***-8***	***-46***	***-102***	***-156***
Enhanced social assistance for housing				
- Elimination of the penalty for sharing a dwelling	-7	-36	-36	-79
- Elimination of the penalty for low housing costs	-4	-16	-16	-36
Sub-total	***-11***	***-52***	***-52***	***-115***
Deployment of the Policy on the Recognition and Support of Community Action[2]	**-20**	**-20**	**–**	**-40**
Support for collectively laid-off workers in the resource regions	**-2**	**-2**	**-2**	**-6**
Total	**-41**	**-120**	**-156**	**-317**

1. Includes persons with no employment constraints and those with minor employment constraints.
2. $50 million over three years, including the $10 million allocated in 2001-2002, has been earmarked for implementation of the *Policy on the Recognition and Support of Community Action*.

DETAILS OF THE MEASURES

Automatic annual indexation of social assistance benefits

Inflation particularly affects the purchasing power of those who depend on government financial support for their essential needs. To remedy this problem, social assistance benefits will be automatically indexed on January 1 of each year. This measure applies to persons with a severely limited capacity for employment as well as persons who are able to work.

Approximately 360 000 households currently receiving social assistance, or 130 000 households with a severely limited capacity for employment and 230 000 households whose members are able to work, will benefit from a $46-million increase in disposable income in 2003-2004.

The indexation rate used will be the same as that used for the personal income tax system.[1]

1 Indexation rate based on growth in the Québec consumer price index for the 12-month period ending September 30 of the previous year.

Based on the predicted inflation rate of 1.1%, this measure will result in the following increases in annual disposal income in 2002 compared with 2003:

— $72 for an independent adult who is able to work;

— $96 for an independent adult who has a severely limited capacity for employment;

— $108 for a couple who is able to work;

— $144 for a couple with a severely limited capacity for employment.

IMPACT OF AUTOMATIC INDEXATION OF SOCIAL ASSISTANCE BENEFITS
(in dollars)

	Current benefit	January 2003[1]	Increase
MONTHLY BENEFIT			
Independent adult			
- Able to work[2]	515	521	6
- Severely limited capacity for employment	754	762	8
Couple			
- Able to work[2]	797	806	9
- Severely limited capacity for employment	1 127	1 139	12
ANNUAL BENEFITS			
Independent adult			
- Able to work[2]	6 180	6 252	72
- Severely limited capacity for employment	9 048	9 144	96
Couple			
- Able to work[2]	9 564	9 672	108
- Severely limited capacity for employment	13 524	13 668	144

1. Evaluation based on a predicted inflation rate of 1.1%.
2. Benefits paid to persons without a limited capacity for employment.

Enhanced social assistance for housing

As of January 1, 2003, social assistance recipients who seek to improve their lot, either by sharing a dwelling or living in a place that costs less, will see their benefits go up.

❒ *Elimination of the penalty for sharing a dwelling*

Beginning January 1, 2003, the benefit paid to social assistance recipients who share a dwelling will increase by up to $50 per month. This increase stems from the repeal of the shared-dwelling provision of the social assistance plan.

For the 60 600 households concerned, this measure represents an increase in disposable income of $36 million a year beginning in 2003.

Shared dwelling

Under the shared-dwelling provision of the social assistance plan, the monthly benefit was reduced by up to $50 where an adult shared his dwelling with another adult.

However, the reduction in benefits did not apply to households where one of the members had a severely limited capacity for employment, or to single-parent families.

Following the 2000 Québec Youth Summit, the government agreed in principle to abolish the shared-dwelling provision.

❒ *Elimination of the penalty for low housing costs*

As of January 1, 2003, all social assistance recipients will receive the full amount for housing costs, even if their lodging expenses are less than the amount fixed by regulation. This increase stems from the elimination of the so-called housing test provided for in the social assistance plan.

For the 21 500 households concerned, this measure represents an increase in disposable income of $16 million a year beginning in 2003.

Housing test

The basic benefit was reduced where an independent adult or family spent less than the minimum amount provided for in the calculation of lodging costs.

The reduction was equal to the amount by which the minimum lodging costs fixed by regulation exceeded lodging expenses, up to $100 per month. The minimum cost, according to household category, was as follows:

—	Independent adult	$139
—	Single-parent family, 1 child	$196
—	Single-parent family, 2 or more children	$224
—	Couple, no children	$204
—	Couple, 1 child	$236
—	Couple, 2 or more children	$257

The reduction in benefits for a shared dwelling was added to the amount calculated through the housing test. However, the total of the two reductions could not exceed $100 per month.

Deployment of the Policy on the Recognition and Support of Community Action

In July 2001, the Québec government adopted the *Policy on the Recognition and Support of Community Action*. In September, it announced a $50-million injection over three years to ensure the policy's implementation. Already in 2001-2002, a total of $10 million was injected.

To continue deploying the policy and reaffirm the investment of $50 million over three years, additional funding of $20 million per year is being allocated for fiscal years 2002-2003 and 2003-2004. This support will benefit roughly 1 300 community organizations.

FINANCING OF THE POLICY
(in millions of dollars)

	2001-2002	2002-2003	2003-2004	Total over 3 years
Amount already allocated	10	0	0	10
Supplement to 2002-2003 Budget	0	20	20	40
Financing announced	10	20	20	50

❒ *Increased government financial support for community organizations*

The amount of government financial support provided to community organizations has nearly doubled from $251 million in fiscal 1996-1997 to $494 million in fiscal 2000-2001.

The new funding announced will bring the government's investment in this effort to over half a billion dollars per year in support of 5 000 community organizations.

GOVERNMENT FINANCIAL SUPPORT FOR COMMUNITY ORGANIZATIONS
(in millions of dollars)

	1996-1997	1997-1998	1998-1999	1999-2000	2000-2001
Santé et services sociaux	150	181	200	213	246
Emploi-Québec	n/a	n/a	124	122	142
Other departments and agencies[1]	101	117	89	99	106
TOTAL	**251**	**298**	**413**	**434**	**494**

1. Includes the 21 government departments and agencies that offer financial support to community organizations.

Note: n/a means "not applicable."

The new community action recognition and support policy

The *Policy on the Recognition and Support of Community Organizations* aims to, among other things, review the funding of community organizations so as to fully recognize their role in our social and economic development and ensure greater harmonization of funding mechanisms.

Several changes to the funding modalities of government departments and agencies are planned under the policy, including the grouping of support under three funding approaches:

— financial support for independent community organizations, notably through the Fonds d'aide à l'action communautaire autonome (FAACA);

— service agreements to foster collaboration in developing services that complement public services;

— subsidies for specific activities or for one-time projects.

The policy also proposes refocusing the mission of the FAACA in order to support rights advocacy organizations.

New support program for collectively laid-off workers in the resource regions

When their Employment Insurance runs out, collectively laid-off workers in Québec's resource regions are currently faced with the choice of either leaving their region to seek employment elsewhere or dipping into their savings and disposing of part of their assets.

To guard against this situation, a new income support program for collectively laid-off workers will be implemented in Québec's resource regions.

This new program will help stem the exodus from these regions of skilled workers who have lost their jobs following a plant closure by offering them financial assistance until the plant reopens or they find other work in the region. The program is modelled on the measure implemented in 1999 to assist workers affected by the closure of the Gaspésia mill in Chandler.

The Minister of State for Social Solidarity and Child and Family Welfare and the Minister for the Elimination of Poverty and Exclusion will be announcing the details of this measure.

To finance the new program, the ministère de la Solidarité sociale will receive additional funding of $2 million per year beginning in fiscal 2002-2003.

Principal elements of the program

Eligible workers

Workers who have been collectively laid off owing to the reduction or termination of business activities, within the meaning of the *Act respecting manpower vocational training and qualification*.

Terms of financial assistance

The program will be similar to the current social assistance plan, with the exception of the following aspects:

— The benefit paid to an adult and his family will not take into account their liquid assets or the value of their property;

— The benefit paid will not take into account certain types of income, such as severance pay.

Duration of assistance

Financial assistance will take the form of a monthly benefit for a maximum period of one year.

Benefits may stop if the person re-enters the labour market.

Eligible resource regions

— Bas-Saint-Laurent (region 01);
— Saguenay–Lac-Saint-Jean (region 02);
— Mauricie (region 04);
— Abitibi-Témiscamingue (region 08);
— Côte-Nord (region 09);
— Nord-du-Québec (region 10);
— Gaspésie–Îles-de-la-Madeleine (region 11).

$1.4 BILLION OVER THREE YEARS TO FIGHT POVERTY

In the 2001-2002 and 2002-2003 budgets, the government introduced major initiatives to improve the situation of the most disadvantaged members of our society. These measures will add more than $1 billion over the next three fiscal years.

The new measures announced in the **Supplement to the 2002-2003 Budget** will raise this amount to nearly $1.4 billion.

FINANCIAL IMPACT FOR THE GOVERNMENT OF MEASURES TO SUPPORT LOW-INCOME HOUSEHOLDS
(in millions of dollars)

	2002-2003	2003-2004	2004-2005	Total over 3 years
2001-2002 Budget	-250	-274	-239	-763
2002-2003 Budget	-81	-92	-106	-279
Sub-total	***-331***	***-366***	***-345***	***-1 042***
Supplement to 2002-2003 Budget	-41	-120	-156	-317
Total	**-372**	**-486**	**-501**	**-1 359**

In addition to this assistance, the 2002-2003 Budget announced investments of nearly $500 million over five years for the construction and renovation of social housing units, including:

— $362 million for the construction of 13 000 low-cost and affordable housing units;

— $95 million for the renovation of more than 21 000 dwellings occupied mainly by low-income households.

Appendix

BREAKDOWN OF FINANCIAL IMPACT FOR THE GOVERNMENT OF MEASURES TO SUPPORT LOW-INCOME HOUSEHOLDS

(in millions of dollars)

	2002-2003	2003-2004	2004-2005	Total over 3 years
2001-2002 BUDGET				
Prevention of school dropout in disadvantaged communities[1]	-54	-78	-78	-210
Improvement of services for children and youth	-15	-20	-20	-55
Back-to-work income supplement under the "Action emploi" program	-48	-36	-12	-96
Increase in social assistance benefits in June 2001 for persons who are able to work	-36	-36	-36	-108
Support for local initiatives in fragile social environments	-11	-11	-	-22
Support for the social economy	-32	-32	-32	-96
Tax reduction allowing 160 000 low-income taxpayers to no longer pay income tax	-54	-61	-61	-176
Sub-total: 2001-2002 Budget	***-250***	***-274***	***-239***	***-763***
2002-2003 BUDGET				
Improved support for the social economy	-4	-4	-4	-12
Social housing[2]	-2	-13	-27	-42
Indexation of social assistance benefits	-75	-75	-75	-225
Sub-total: 2002-2003Budget	***-81***	***-92***	***-106***	***-279***
TOTAL: 2001-2002 AND 2002-2003 BUDGETS	**-331**	**-366**	**-345**	**-1 042**
SUPPLEMENT TO 2002-2003 BUDGET				
Automatic annual indexation of social assistance benefits	-8	-46	-102	-156
Enhanced social assistance for housing	-11	-52	-52	-115
Deployment of the Policy on the Recognition and Support of Community Action	-20	-20	–	-40
Support for collectively laid-off workers in the resource regions	-2	-2	-2	-6
TOTAL: SUPPLEMENT TO 2002-2003 BUDGET	**-41**	**-120**	**-156**	**-317**
GRAND TOTAL	**-372**	**-486**	**-501**	**-1 359**

1. The "Agir tôt pour réussir" program was introduced in 2000-2001.
2. Impacts include the cost of servicing the subsidized debt for all measures covered by the investment of nearly $500 million in social housing.